



WILLIAM T FUJIOKA
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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July 1, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**DEPARTMENT OF PUBLIC WORKS: APPROVE AIRPORT RENTAL RATE
ADJUSTMENTS FOR ALL COUNTY AIRPORTS EFFECTIVE AUGUST 1, 2008
(SUPERVISORIAL DISTRICTS 1, 2, 3, AND 5)
(3 VOTES)**

SUBJECT

This action is to approve rental rate adjustments for aircraft hangars at all County airports and an aircraft tiedown increase at Whiteman Airport.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the proposed rental rate increase of 3.28 percent for aircraft hangars at all County-owned airports and a \$10 per month aircraft tiedown rate adjustment at Whiteman Airport effective August 1, 2008.
2. Instruct the Acting Director of Public Works to notify the County's contract operator of the rental rate adjustments.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to obtain your Board's approval of a 3.28 percent increase in rental rates for aircraft hangars at all County-owned airports and a \$10 aircraft tiedown per month rate increase at Whiteman Airport to become effective August 1, 2008; and instruct the Acting Director of Public Works to notify the County's contract operator of the rental rate adjustments.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

Background

On January 22, 1991, Synopsis 62, your Board approved a contract for a private firm to manage, operate, and maintain all County-owned airports. The contract provides for the Board to retain control over the rental rates, but the operator is allowed to seek adjustments in the rental rates once per year.

The management contract specifies a minimum monthly payment to the County for the privilege of operating and developing the airports. This adjusted payment is increased annually based on the Consumer Price Index (CPI) and was last adjusted April 2007. We have increased the contractor's minimum payment based on the CPI, at a rate of 3.28 percent. To offset increased costs associated with operating the County airports, the contractor has requested a 3.28 percent rental increase for aircraft hangars.

The proposed monthly aircraft tiedown rate adjustment at Whiteman Airport is an increase of \$10. After the adjustment, the new rate will be \$96 per month. The proposed rental rate of \$96 for aircraft tiedowns at Whiteman Airport remains well below the current aircraft tiedown rate at neighboring airports. The aircraft tiedown rate at Whiteman Airport was increased by \$10 last year. Prior to 2007, aircraft tiedown rental rates had not been adjusted in more than 15 years, and Whiteman Airport continues to operate with a waiting list for both aircraft hangars and tiedowns.

We believe the rental rate adjustments are reasonable and justified.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we provide Service Excellence (Goal 1) and Fiscal Responsibility (Goal 4). This action will provide the Aviation Enterprise Fund with sufficient funds necessary to allow improvements to the airport facilities as requested by the users and maintenance of airport infrastructure. They will also develop sufficient revenue to allow our contract operator to continue maintaining our five County-owned airports in a safe and effective manner.

FISCAL IMPACT/FINANCING

The recommended rental rates will become effective on August 1, 2008. The rental rate increase for aircraft hangars at all airports will be 3.28 percent, rounded to the nearest dollar. The recommended aircraft tiedown rental rates will be increased \$10 per month at Whiteman Airport. The aircraft tiedown rates at Brackett Field, Compton/Woodley Airport, El Monte Airport, and General Wm. J. Fox Airfield will remain unchanged.

The typical aircraft hangar monthly rental rate would increase from \$408 to \$421 at Brackett Field, from \$425 to \$439 at Compton/Woodley Airport, from \$414 to \$428 at El Monte Airport, from \$362 to \$374 at General Wm. J. Fox Airfield, and from \$447 to \$462 at Whiteman Airport. The rental rates for the non-typical hangars would also be increased by 3.28 percent.

The proposed aircraft hangar rental increases for all five airports will generate approximately \$200,000 of additional revenue assuming zero vacancy. The proposed aircraft tiedown rate adjustment at Whiteman Airport will generate \$24,000 additional revenue based on the current number of occupied aircraft tiedown spaces. The additional revenue will be shared between the contract airport manager and the Aviation Enterprise Fund, at a rate of 55 percent and 45 percent respectively. This revenue is necessary to cover increased cost of operation and oversight of the five County airports.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Exhibit A of the Agreement for Management and Operation of County Airports directs the airport management contractor to, "Develop and submit recommended fee schedules and rental rates annually for County approval."

The Aviation Commission, at their June 25, 2008 meeting, reviewed, discussed, and heard public comment on the recommendation to increase aircraft hangar and tiedown rates. The Commission concurs with these recommendations.

ENVIRONMENTAL DOCUMENTATION

In accordance with Section 15378(b)(4) of the California Environmental Quality Act Guidelines, approval of the recommended action does not constitute a project and, hence, is not subject to the requirements of the California Environmental Quality Act.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

This action will not have any impact on current services or projects.

The Honorable Board of Supervisors
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CONCLUSION

Please return two adopted copies of this letter to the Department of Public Works, Aviation Division. Also, please forward one adopted copy to the Assessor, Possessory Interest Division; and the Auditor-Controller, General Claims Division.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'W. T. Fujioka', with a stylized flourish at the end.

WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DDE
RLS:hz

c: County Counsel